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C O N F I D E N T I A L SECTION 01 OF 02 BAKU 000482

SIPDIS

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SUBJECT: INITIAL READOUT OF TURKMEN PRESIDENT
BERDIMUHAMEDOV'S VISIT TO BAKU

Classified By: Pol/Econ Chief Joan Polaschik per 1.4 (b,d)

11. (C) SUMMARY: Turkmenistan President Berdimuhamedov's May 19-20 visit to Baku was a significant step in the ongoing improvement of bilateral relations. According to SOCAR President Abdullayev, although the two heads of state seems to have reached no specific agreement on offshore energy development, the visit set the stage for ongoing cooperation in this regard. Azerbaijani Ambassador to the U.S. Yashar Aliyev said that GOAJ officials were impressed by the Turkmen President, and now that the Turkmen Embassy is open in Baku, it expects follow-up on this historic visit to proceed more rapidly. END SUMMARY.

12. (SBU) Turkmenistan President Berdimuhamedov's May 19-20 official visit to Baku was a significant event in bilateral relations. In his press comments, President Aliyev emphasized the visit's importance, referring to it as "historic" and the start of a "qualitatively new" era in relations between the two states. According to press, during their one-on-one meeting Aliyev and Berdimuhamedov discussed energy security, transportation, regional security, and the political status of the Caspian Sea. According to Berdimuhamedov's public comments, energy security was the dominant topic, and although the press has not indicated that the construction of a Trans-Caspian pipeline was discussed, the Turkmenistan President stressed that cooperation between Azerbaijan and Turkmenistan on transportation issues could open "foreseeable horizons for changing the whole geo-economic map" in the region. Berdimuhamedov also emphasized the need to continue talks on the delimitation of the Caspian Sea. The two delegations signed six inter-governmental agreements on economic matters.

ENERGY: A GOOD FIRST STEP

13. (C) In a May 23 discussion with the Ambassador, SOCAR President Rovnaq Abdullayev said that he was out of the country and hence unable to participate in the visit. He had been briefed afterwards on the visit. According to Abdullayev, the two Heads of State had a productive one-on-one meeting, although Berdimuhamedov "wasn't ready to talk energy." Abdullayev said that this hesitance was natural - "it wouldn't be proper to do everything all at once." Nonetheless, Abdullayev deemed the visit an important first step, pointing out that the Turkmen press used to cite Azerbaijan as an "enemy," but now it was being referred to as Turkmenistan's friend.

14. (C) Abdullayev added that he had helped "prepare the ground" for this meeting during the late April visit of Turkmenistan Executive Director of the Presidential Administration State Agency for Management and Utilization of

Hydrocarbon Resources Bayrammurad Muradov. Muradov was in Baku for the Second Caspian Oil and Gas, Trade and Transport Conference and Abdullayev commented that Muradov's attendance and presentation at this event itself was a significant milestone in bilateral relations. During this visit, Abdullayev and Muradov had a meeting and long discussion about joint GOTX-GOAJ development of hydrocarbon resources. Abdullayev told Muradov that "having options" for energy exports gives the GOTX "more leverage" in its relations with Russia, pointing out that even the threat of bilateral cooperation forced Russia into raising the purchase price for GOTX gas. He told Muradov that the GOTX could develop its resources more quickly in conjunction with the GOAJ, to the profit of both. He specifically mentioned the possibility of building a gas pipeline "connector" for GOTX offshore gas, connecting GOTX offshore gas fields to existing offshore GOAJ pipeline networks, so that the GOTX could have another, non-Russian, export route to the West. Abdullayev told the Ambassador that given Muradov's position he didn't say much in response, but Abdullayev was sure that he would take this information back to share with Turkmen President Berdimuhamedov. SOCAR also gave Muradov a tour of the Sangachal Terminal, the Deepwater Jacket Construction Factory, and other energy facilities, seeking to use Azerbaijan as an example of what Turkmenistan could do in its hydrocarbon sector.

15. (C) Other GOAJ officials stressed that Berdimuhamedov's visit was an important step forward in the bilateral relationship. Azerbaijani Ambassador to the U.S. Yashar Aliyev told the Ambassador that the GOAJ was buoyed by the

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"very positive, very successful" visit. According to Ambassador Aliyev, GOAJ officials were impressed by Berdimuhamedov, particularly his savvy and interest. Ambassador Aliyev said that with the Turkmenistan Embassy in Baku now open, the GOAJ expects there to be intensive follow up from the visit. Presidential Advisor Elnur Aslanov separately commented that Berdimuhamedov's visit turned the page on a very difficult chapter in Azerbaijan's relationship with Turkmenistan. Late President Niyazov had prevented Caspian delimitation and threatened Azerbaijan on numerous occasions. With President Berdimuhamedov, "everything is changing." Azerbaijan believes there is great potential to bring Turkmenistan into the East-West energy corridor, much more so than Kazakhstan, which for geostrategic reasons most likely will retain close ties to Russia.

COMMENT

16. (C) Immediately following Berdimuhamedov's visit, President Aliyev and Foreign Minister Mammadyarov departed for the Kyiv energy summit. We have requested meetings in both the Presidential Apparatus and the Foreign Ministry and will report further details of the visit and the Kyiv energy summit septel.
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